

# **Community Economic Profile**

## **Bonner County, Idaho**

January 2005

Produced for the:

**United States Department of Interior  
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By:

**Dr. Richard Gardner**  
Bootstrap Solutions  
Boise, Idaho

and

**John V. Martin**  
BLM  
Idaho State Office

With Special Thanks to:

- 1. Sonoran Institute Economic Profile System**
- 2. Northwest Area Foundation Indicator Website**
- 3. Idaho Department of Commerce & Labor  
Community Profiles**

## ***Introduction***

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Local economies throughout the rural West are in a state of flux. Traditional natural resource industries have seen much structural change in recent years, some caused by evolving technology and some by new restrictions on the use of public lands that reflect changing national values. People living in rural communities can become bewildered by the pace of change thrust upon them, and may be uncertain about the degree that national and regional issues have affected their community, and unclear about the direction that their community seems to be heading.

This report is a written version of a presentation given to leaders and residents of Bonner County in Sandpoint on January 26, 2005 as part of a Community Economic Profile Workshop. The workshop was an informal effort hosted by the BLM to initiate a dialogue around local economic development and the role public lands could play. A separate report details that meeting.

This document describes the local economic and demographic situation in Bonner County. It is not intended to be comprehensive, but to capture areas of significant change. The data provide a snapshot in time of the county, though some effort has been made to identify changes and trends. Data limitations make most of the description countywide; community-level observations are made where possible. This report tries to incorporate the observations of the meeting participants where it may provide insight into local developments.

This report is drawn from conventional secondary data sources such as the US Census Bureau and Bureau of Economic Analysis. Several data points were interpolated on the county business data to fill in data gaps. This report relies heavily on three compilations of Idaho data. They are the Economic Profile System maintained by Ray Rasker and the Sonoran Institute, the Indicator website maintained by Priscilla Salant and the Northwest Area Foundation, and Community and County Profiles developed and maintained by Alan Porter of the Idaho Department of Commerce and Labor. The report derives much from the Profile of Rural Idaho, first developed by the author in 1988.

## ***A Simple Model of a Local Economy***

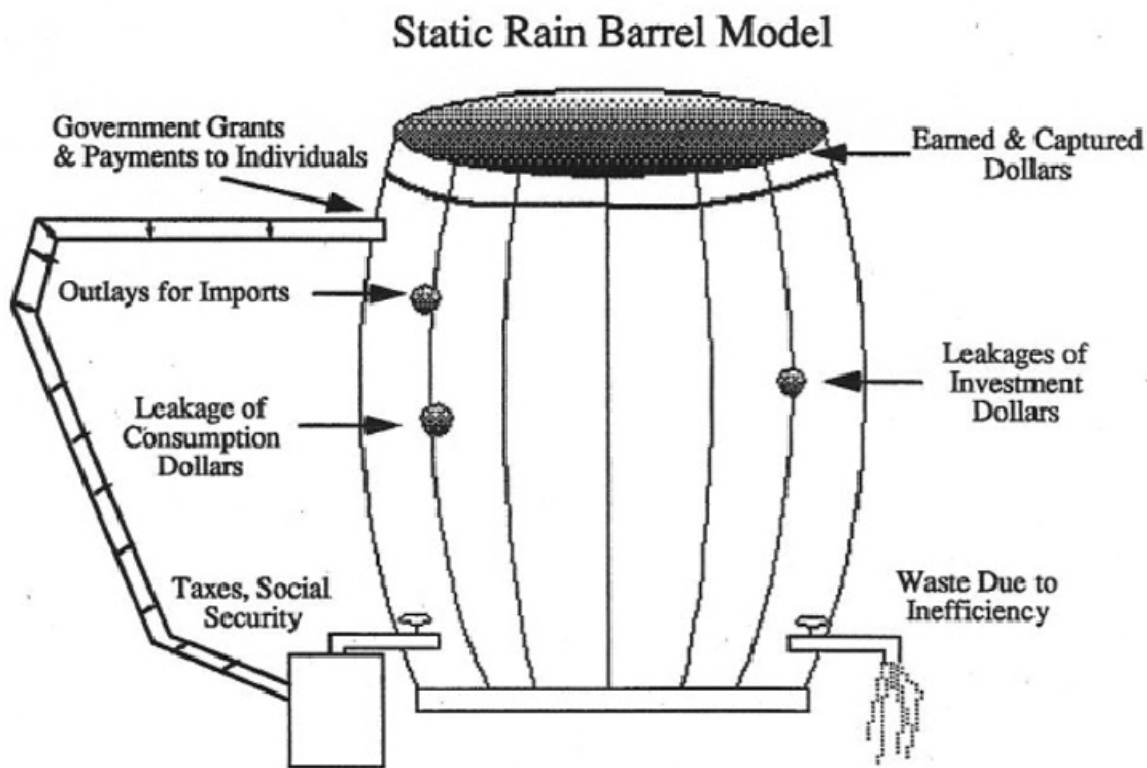
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Perhaps a good place to begin is with a simple explanation of how an economy works. The figure below is the *Static Rain Barrel Model* adapted from the work of David Darling at Kansas State University. Here the metaphor is that the level of economic activity, or prosperity, in a community is like the water level in an old wooden rain barrel.

Water flows into the rain barrel as dollars are earned or captured within the community. They come in the form of wages, sales, profits, and investments in “basic” or “export” industries. Economists call this Export Base Theory, and historically it referred to industries that created new wealth, often by capturing flows of value from the land. Crops

and livestock, timber, and minerals are produced from the land and sold to create a stream of local income. Manufacturing, which combines physical inputs at various stages of development with local labor and technology, is also a base industry providing new income. **A basic industry is any business or individual who brings new money into the community from outside the community.**

In more recent years, economists have recognized that services that are provided to markets outside the region, and services that are provided to visitors coming in from outside the region, also qualify as base industries producing streams of new revenue. Others are construction, government offices, retired persons, and wealthy persons. These basic economic activities are sometimes called "region-building." Such businesses are the preferred target of economic development efforts.



The wages and profits of these basic industries are often used to buy local goods and services from businesses and individuals who rely primarily on those purchases to make a living. **Businesses and individuals who do not make their living from outside dollars are "nonbasic" or "region-filling" businesses.** Examples of nonbasic businesses are grocery stores, car dealers, hairdressers, accountants, and other retailers or personal services. As the wages and profits of the basic industries turn over to local suppliers and nonbasic industries, part of this income may be passed around several times before it leaves the community. This is called the **multiplier effect**.

The more self-sufficient a community is, the more goods and services are purchased locally and the higher the multiplier effect. The higher the multiplier, the more a dollar circulates around a community prior to leaving. The more that happens, the greater the employment impacts of the base industry and the greater the prosperity of the community. In general the smaller the town and its retail sector, the smaller the multiplier. The national trend toward "big box" warehouse stores and the consolidation of health care toward regional medical centers are factors that may be causing multipliers in many rural communities to become smaller over time.

The relationships of households and businesses in a community with whom they sell to or who they buy from are called **linkages**. The more linkages within a community, the higher is the multiplier, and the greater the prosperity. Communities should examine linkages to find opportunities for bringing more economic activity into the community that is currently performed outside the community. To the degree that purchases of goods or services are made outside the community, these are called leakages. An often-overlooked leakage is that most financial investments tend to end up outside the rural community, in bonds or mortgages or shares of stock of national or multi-national firms.

It is often thought that payments for taxes or Social Security are a type of leakage out of the local economy. Most local government revenues and a large share of state tax dollars are spent in local communities supporting infrastructure, education, and government programs. Rural Western states have long received much more than a dollar for every dollar of Federal taxes. This is due to the geography of the West and the large number of highway miles, public lands, national parks, national labs, and military installations operated in remote areas. In many rural Western communities, public employers like federal agencies, schools, or hospitals are large and stable parts of the local economy.

**The Rain Barrel and Community Economic Development.** As water flows into the community bucket in the form of sales, wages and profits and circulates around the community, the prosperity level rises. This is economic/community development. If the bucket overflows, a community can build a bigger bucket (the community grows/ infrastructure expands) or the community can build a better bucket (the quality of community facilities and lifestyles improves). So how can the community make its bucket overflow? The answer is simple. Increase the flow of dollars coming in, and plug the leaks.

**Begin fixing the bucket by taking care of basic infrastructure needs.** The quality of a community's education system, transportation facilities, utilities, health care and recreational facilities will affect the performance of existing businesses and will determine whether new businesses and individuals will move to or visit the community. For this reason, an infrastructure improvement strategy is essential to "fixing the bucket."

While the bucket is being improved, **increase the flow of new dollars to the community by preserving existing businesses, helping them to expand, and by attracting new businesses and individuals to the community.** Focus on basic or export industries in this effort. A business retention and expansion strategy and an economic diversification plan are essential for this reason; to identify opportunities to expand the flow of dollars into the community and raise the level of community prosperity.

As a final strategy, **plug the leaks that allow prosperity to leave the community.** Leaks are caused by the fact that a community is not self-sufficient. Some leaks cannot be helped. A sawmill may need a new blade, but steel is not made in town. Some earnings will have to be spent outside the community to get that new blade. A community member might want a Ford pickup truck, but Ford trucks are not built in town. Community dollars have to go to Detroit to meet this need. Taxes must be paid (though a surprising amount comes back to the community as local services, salary and pension payments to individuals, or government grants). As such, there is nothing that can be done about those leaks, but there are some leaks that can be plugged.

Leaks that can be plugged are local households that go out of town to buy goods and services that are available in town or could easily be provided. Each nonbasic business patches a potential leak in the community bucket. When out-of-town business purchases of some good or service, e.g., machine tooling or accounting, are large enough to sustain a local supplier, a leak can be identified and plugged. Other leaks are local savings that are invested outside the community because there is a lack of opportunity to invest at home. Leaks can be plugged by providing the goods and services that are missing. Sometimes the community must be convinced a service is available and of the quality and price they desire, e.g. using the local hospital. The community can also plug leaks by taking local savings and making wise investments in new businesses or business expansions.

### ***Bonner County Population: Sustained Rapid Growth***

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Bonner County's demographics are those of a county that has been discovered by the nation. The county has been growing steadily since 1970, gaining 21,384 people in those thirty years. It was the ninth fastest growing county in Idaho during this period. The growth has continued to the present; Bonner county's 2003 population is estimated at 39,162 by the Census. The largest community is Sandpoint with a 2003 population of 7,378. Priest River has 1,863 persons, Clark fork 566, and East Hope 212.

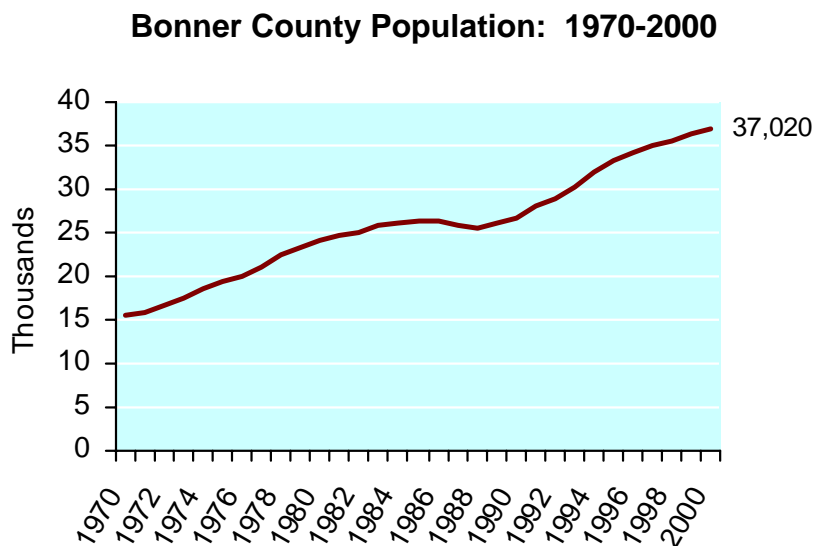


Figure A

The next Table shows how much faster Bonner County has grown than either the United States or Idaho. Each population was indexed, so that its 1970 value equals 1.0, showing growth compared to 1970. Bonner County grew by 137% in these three decades.

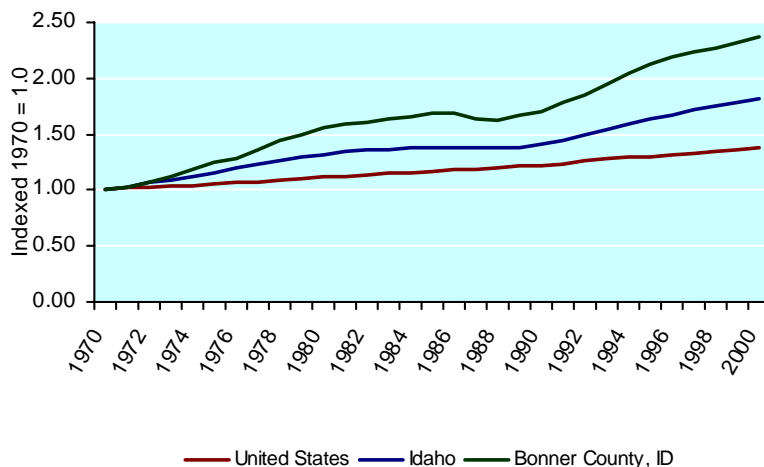


Figure B

Bonner County is a very homogeneous county, with 96.6% of the 2000 population Caucasian, 0.9% Native American, and 1.7% Hispanic. By comparison, an estimated 8.7% of Idahoans and 13.7% of the US are of Hispanic origins.

A look at Bonner County's population by age group from 1990 to 2000 (Figure C) shows a sharp decline in young adults aged 25-39, mirrored by declines in children. Meanwhile the groups aged 45-65 have risen sharply in the last decade, but seniors over 70 have been declining slightly as a percentage of population. These observations were validated by the anecdotal evidence of workshop participants, who have observed young retirees and second career families moving into the area. The pattern is consistent with a high natural amenity resort area which attracts young, active retirees, who then move back home to be with family as frailty approaches and independence decreases. The aging of Bonner County is underscored by the fact that the median age of Bonner County is 40.8 years, compared to 33.2 years for the State of Idaho, and 35.3 years for the United States.

### Changes in Age Cohorts, Bonner County, 1990-2000

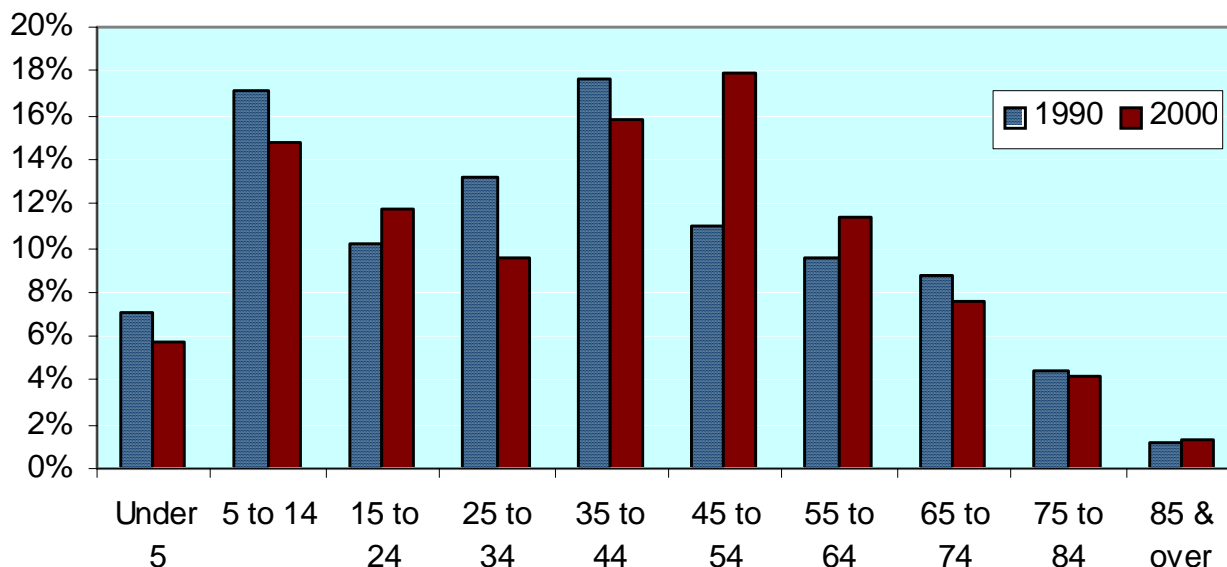


Figure C

## Bonner County Migration Patterns

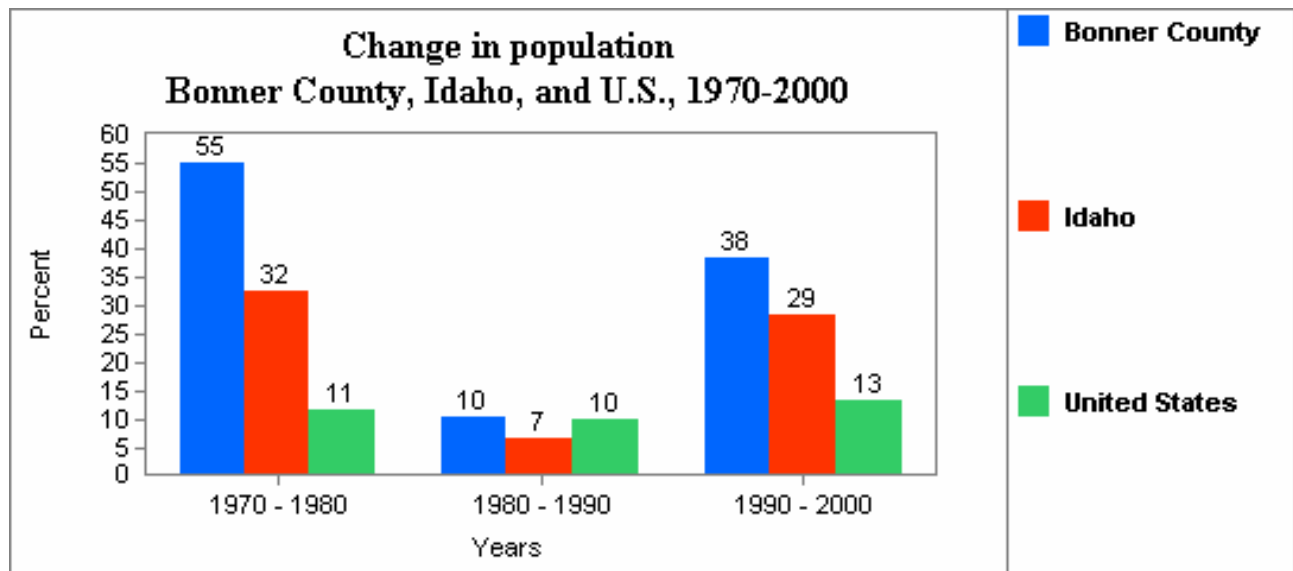
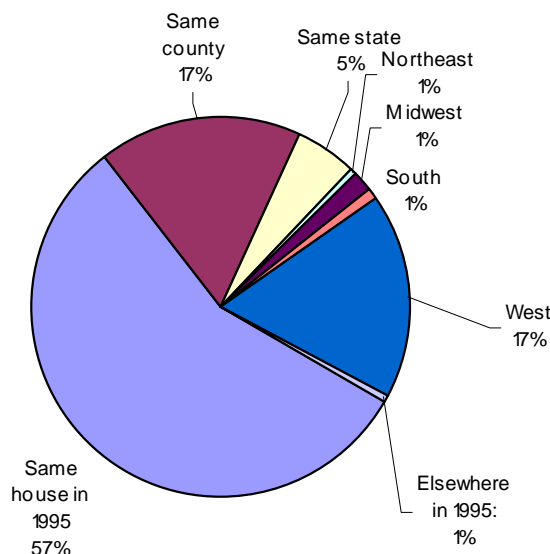


Figure D

There are two components to population growth, the natural rate, or births minus deaths of the existing population, and the net migration rate, or the number of people moving into the county less those moving out. Bonner County has had a net migration rate of 2.4% and a natural change of 0.1%. In other words, nearly all Bonner County's growth has been due to in-migration of newcomers. Bonner County's pattern of outpacing state in-migration stands in sharp contrast to most other counties in rural Idaho, who lag far behind state averages and often experience out-migration during economic declines. For instance, only eight counties in Idaho experienced net in-migration during the 1980s.

### Where Are the Newcomers From?

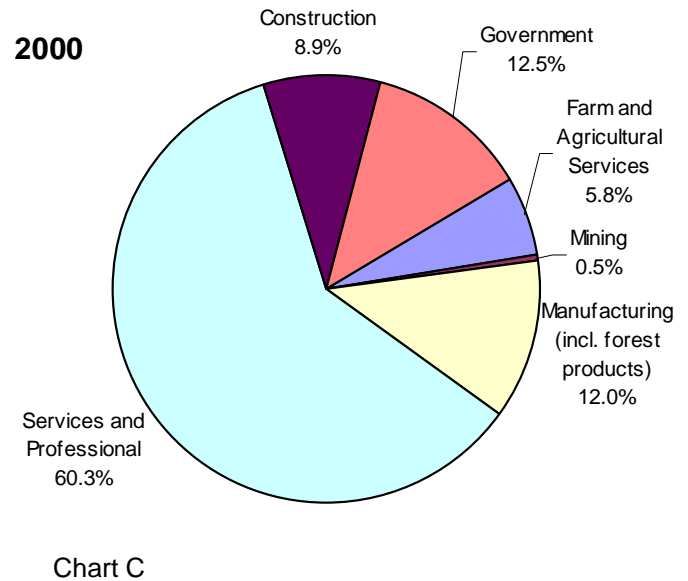
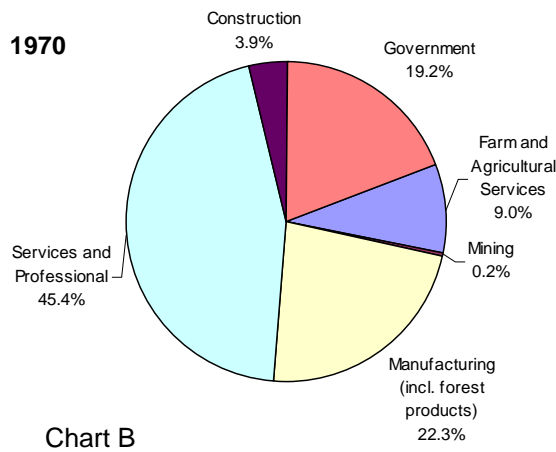


Where are these newcomers to Bonner County from? After all, only 27% of Bonner County residents are Idaho natives. Figure D shows that fully 20% of Bonner County residents lived in another state in 1995. Most (17%) came from another western state. Five percent moved here from elsewhere in Idaho.

Chart A

## ***An Economy in Transition***

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The two pie charts in Charts B and C show snapshots from 1970 and 2000 of Bonner County employment by industry. In these thirty years 13,638 new jobs were added within Bonner County, from 5,326 to 18,964 in 2000. The shifts in the size of various slices of the economic pie reveal a number of significant trends. The larger size of the 2000 pie chart communicates the larger size of the county economy and employment. The relative decline in importance of the traditional natural resource industries of agriculture and forest products can be seen as Farm and Agricultural Services declined from 9.0% in 1970 to 5.8% in 2000, and Manufacturing (which includes forest products) declined from 22.3% to 12.0% of Bonner County's employment.

It may come as a surprise that the government sector declined significantly from 19.2% in 1970 to 12.5% of employment in 2000. This is caused not only by tight budgets at the federal, state, and local levels, but also by technology improvements in information management that allow programs to be run more efficiently, and by declines in timber sales which funded government land managers.

The rise of construction from 3.9% to 8.9% may not be a permanent change, so much as mirroring continued new home construction for in-migrants and renewed investments in road building.

Perhaps the biggest change is the increase in the employment share for services and professional jobs from an already strong 45.4% in 1970 to a startling 60.3% in 2000.



## Bonner County Job Growth by Industry: Services Keep Growing

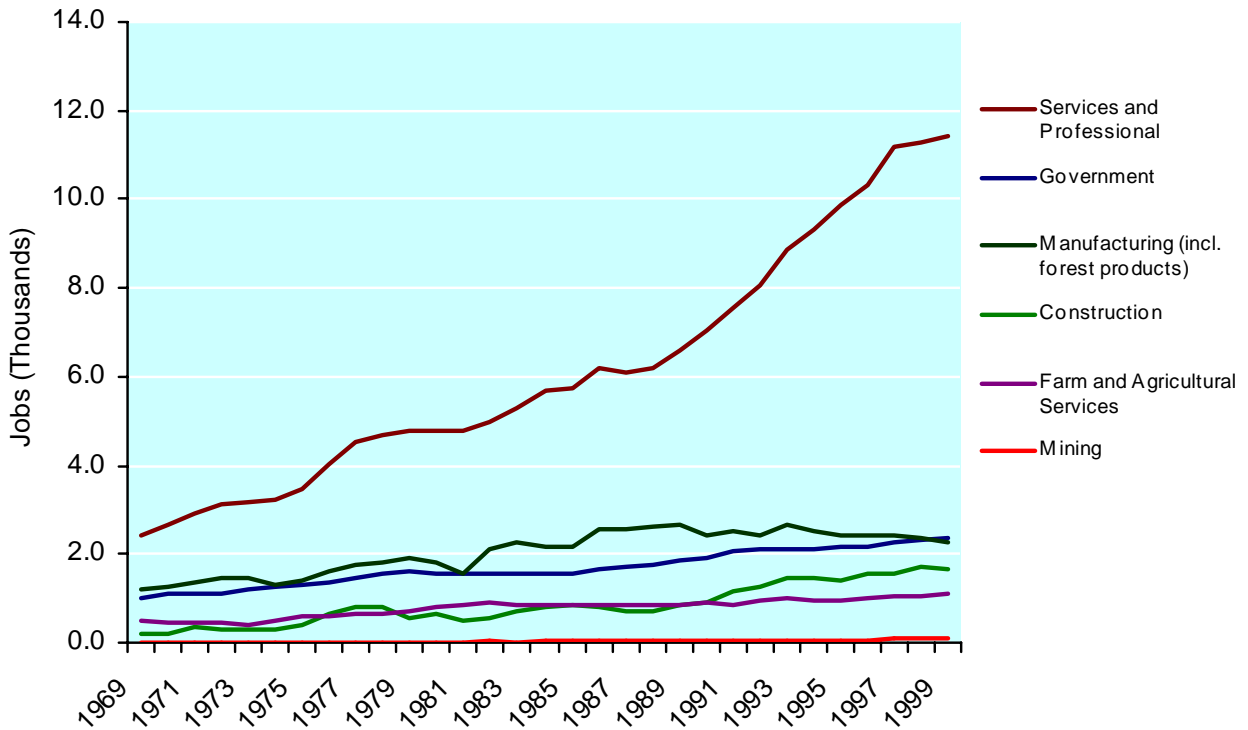


Figure E

There are significant differences in economic dependence among communities within Bonner County. In Sandpoint, retail trade is the biggest employer, accounting for 21% of jobs. Education, health, and social services accounts for 19%. Arts, entertainment, recreation, lodging, and food services (or tourism) are third with fifteen per cent of jobs. In contrast, manufacturing (forest products) is still the king in Priest River, accounting for 26% of that town's employment.

Of the 13,638 net new jobs created since 1970, 9,018, or 66%, were in service-producing areas of the economy (see Figure E). What kind of service jobs are these? Are they the low-wage hamburger-flippers and motel maids one often reads about? Figure F below shows how different types of service sectors have grown over time. Most growth has been in the areas of professional services and retail trade. The former includes jobs in business services, health care, legal, engineering, and management services. Retail trade growth is driven in part by a larger catalog store employer. A third sector showing rapid growth since 1990 is Finance, Insurance, and Real Estate (FIRE). These three sectors account for over three-fifths of the employment growth since 1970.

Two national trends may account for some of the rapid growth in business services—large corporations have been increasing their outsourcing to temp agencies and specialty firms, and call centers have become significant employers in the last decade or so.

### What Kind of Service Jobs?

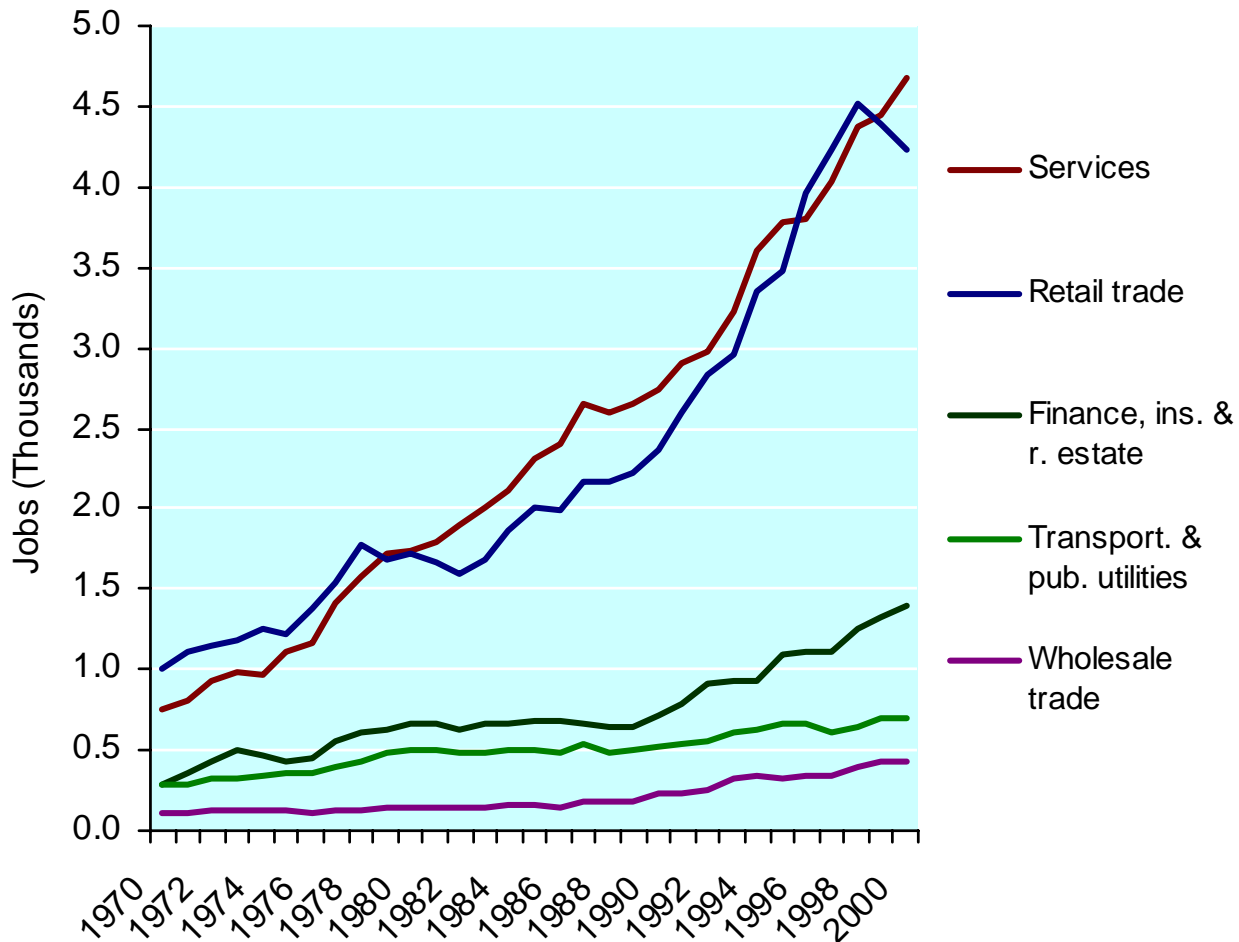


Figure F

An important concept to mention is the role of proprietors in Bonner County's economy. These are self-employed person operating as sole ownerships, partnership, or tax-exempt corporations. Of the county's 18,964 jobs in 2000, wage and salary employees account for 12,767 and proprietors account for 6,197 (see Figure F below). This very high rate of self-employment, 35.7%, ranks 12<sup>th</sup> among Idaho's 44 counties, and is double the national self-employment rate (see Figure G).

Why are there so many proprietors? Of course, all small businesses have an owner who is a proprietor even if they have employees. Another driver is the growing trend toward entrepreneurship. Mature in-migrants to Bonner County may retire from a corporate, military, or public safety career, and start a new second career as a hobby and partial means of support. Part-time employees may also run a family business on the side and be double-counted. And within Bonner County, some industries may be organized toward sub-contractors as a means of avoiding employee costs and adding flexibility. Gyppo loggers, guides, and custom farming operations may be examples.

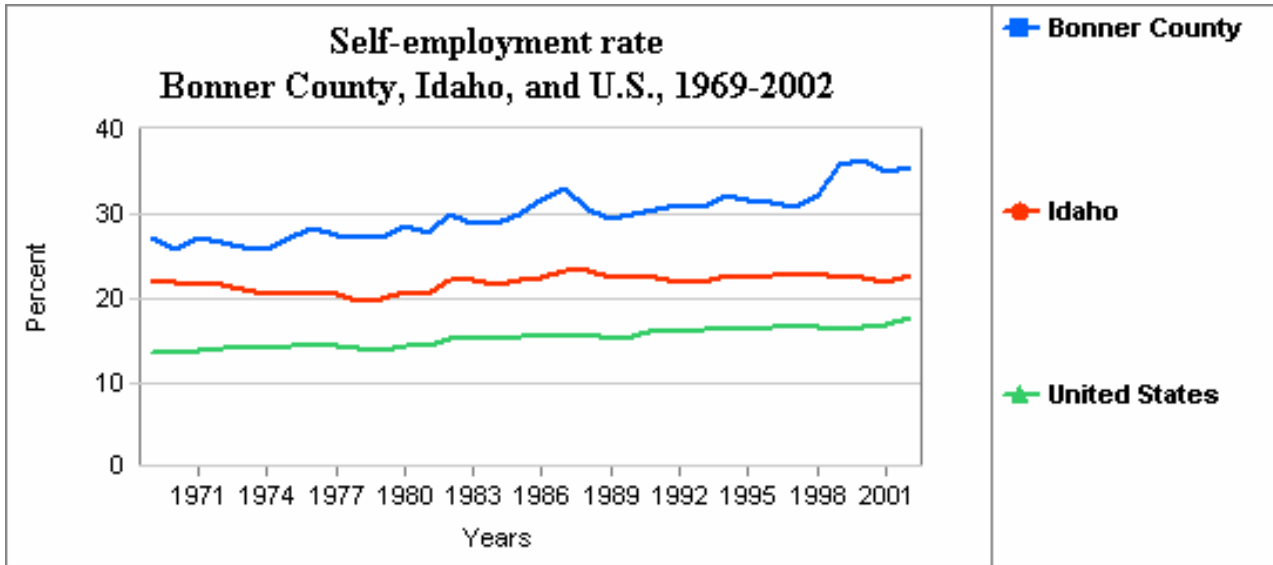


Figure G

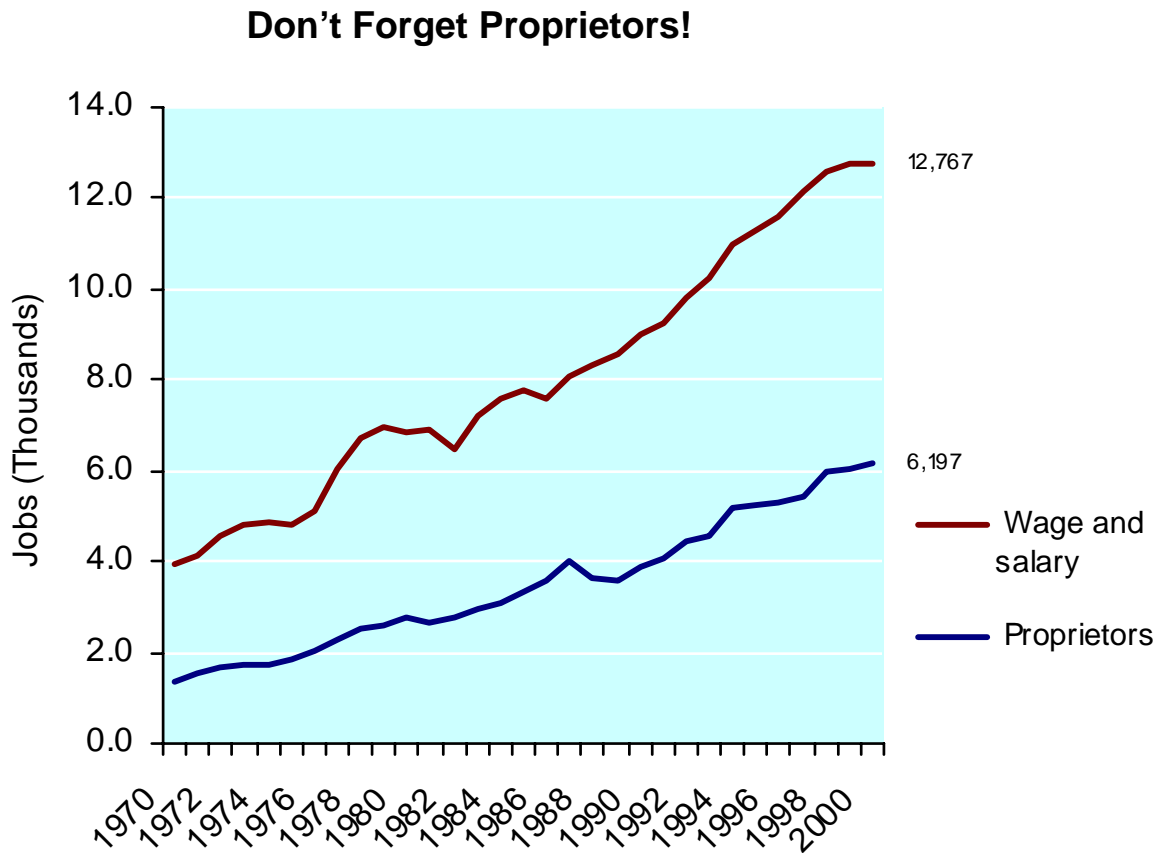


Figure H

## Looking at Personal Income

### Bonner County Personal Income Sources, 1970-2000

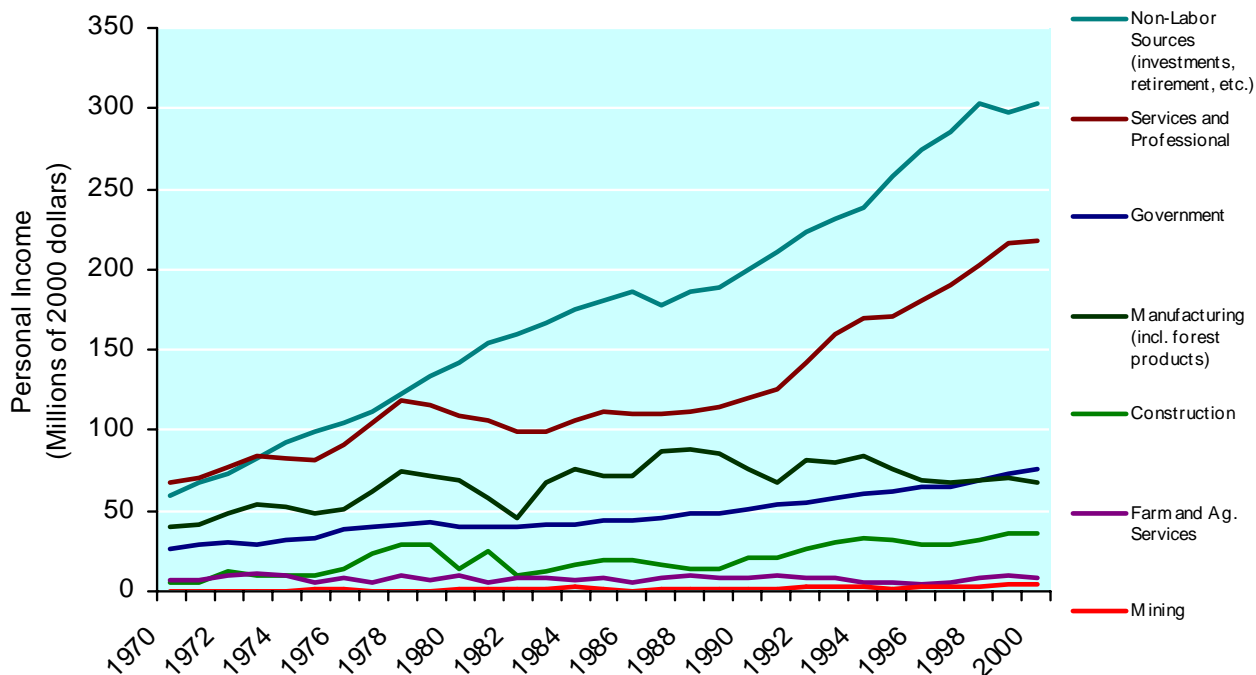


Figure I

Employment measures only tell part of the economic story of a region. Remember the rain barrel; there is money flowing into the area from other sources than wages and salaries. Economists say that personal income equals consumption expenditures, plus investment, plus government expenditures, plus exports less imports. However, let's begin by looking at personal income deriving from the different industry groups (Figure I). Personal income will remove the variable of different wage rates as we examine how important industry sectors are.

One is immediately drawn to the rapid growth in non-labor sources of income and services. However, there is also the slower steady growth of construction and government sectors, while manufacturing has declined in the 1990s. Farming and mining appear nearly trivial in personal income terms.

Two other graphs in Figure J make much the same points. The bar graph on the left shows changes in personal income among sectors from 1970-2000. The pie chart shows how non-labor income now accounts for a significant part of Bonner County personal income. Dividends, interest, and rent are the returns to fixed assets. They are generally a

very steady source of personal income. Their rise may reflect an influx of the senior citizens who own the majority of such assets. Increasing returns to investment properties might also be a contributing factor to growing rental income.

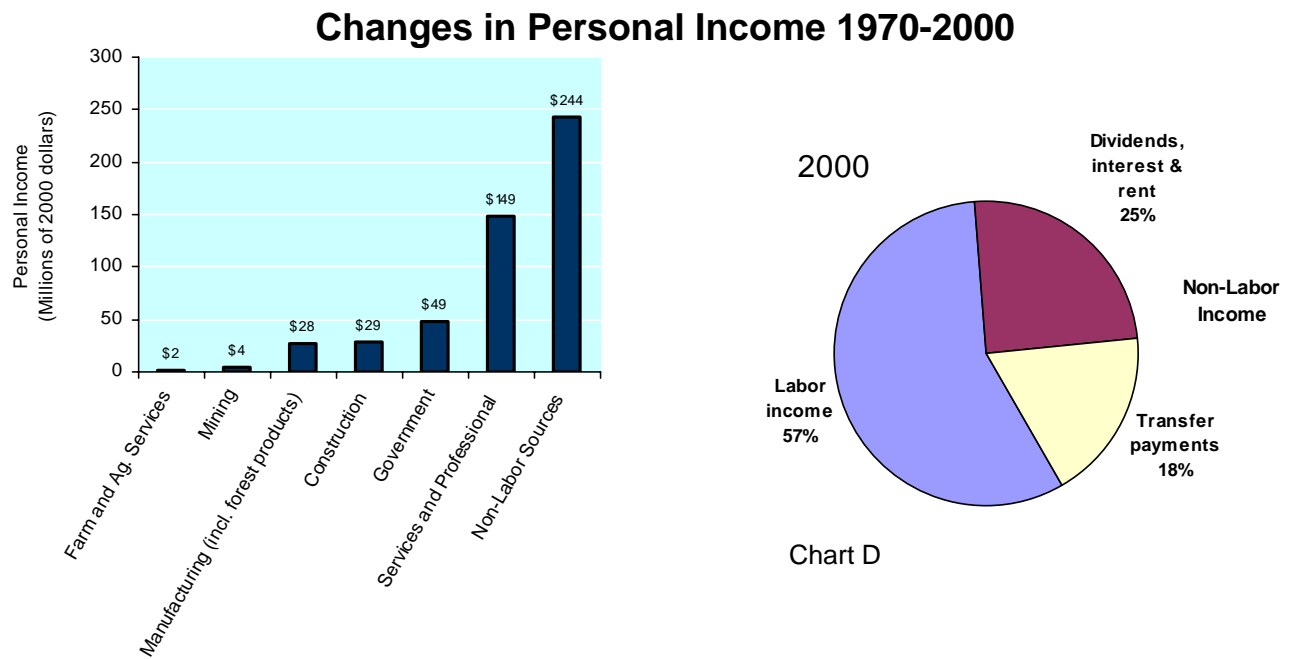


Figure J

Chart D

Table A below allows the reader a closer look at the data for personal income changes in Bonner County between 1990 and 2000. Note that what the Sonoran Institute called the Transformative Sector, or the traditional engines of growth, had the least growth at 11%. A 85% growth in retail trade, 109% growth in producer services led by finance, insurance, and real estate, business services, and engineering services, 120% growth in income from social services, and a 49% growth in government services all have combined to allow Bonner County an overall 50% gain in personal income in the decade of the 1990s.

Table A

<b>Personal Income</b>					
All figures in thousands of 2000 dollars.	<b>1990</b>	<b>2000</b>	<b>New Income</b>	<b>% Change</b>	<b>% of New Income</b>
Total Personal Income	471,503	706,407	234,904	50%	
<b>LABOR INCOME</b>					
<b>Transformative</b>					
Agriculture	7,722	8,760	1,038		
Mining	987	4,358	3,371		
Construction	20,387	35,306	14,919		
Manufacturing	76,163	68,038	-8,125		
Total	105,259	116,462	11,203	11%	5%
<b>Distributive</b>					
Transportation & public utilities	21,588	31,299	9,711		
Wholesale Trade	5,538	11,390	5,852		
Total	27,125	42,689	15,564	57%	7%
<b>Retail Trade</b>	38,192	70,535	32,343	85%	14%
<b>Consumer Services</b>					
Hotels & Other Lodging	3,755	4,885	1,130		
Personal Services	3,244	3,383	139		
Household Services	905	1,125	220		
Repair Services	3,685	5,642	1,957		
Motion Pictures	195	204	9		
Amusements & Recreation	4,634	7,434	2,800		
Total	16,418	22,673	6,255	38%	3%
<b>Producer Services</b>					
Finance, Insurance & Real Estate	8,374	21,033	12,659		
Legal Services	3,556	5,017	1,461		
Business Services	3,653	7,376	3,723		
Engineering & Management Services	4,543	10,518	5,975		
Membership Organizations	2,594	3,520	926		
Total	22,721	47,464	24,743	109%	11%
<b>Social Services</b>					
Health Services	12,294	21,288	8,994		
Social Services	763	4,970	4,207		
Educational Services	329	3,221	2,892		
Total	13,386	29,479	16,093	120%	7%
<b>Government Services</b>					
Federal, Civilian	11,880	15,558	3,678		
Military	2,132	2,125	-7		
State and Local	36,460	57,526	21,066		
Total	50,472	75,209	24,737	49%	11%

Transfer payments are the other piece of non-labor income, and they amount to 18% of Bonner County's personal income. Table B below displays various components of transfer payments in Bonner County and how they have changed over time. Some readers might think of "welfare payments" when they hear the expression "transfer payments." However, the table shows that "welfare" only accounts for eight per cent of transfer payments in 2000, with unemployment insurance benefits adding another four percent. Instead, retirement and medical payments account for 81% of transfer payments.

Table B

<b>Components of Transfer Payments</b>								
All figures in millions of 2000 dollars	% of Total TP		% of Total TP		% of Total TP		New Payments 1970 to 2000	% of New Payments
	1970		1980		2000			
<b>Total transfer payments</b>	27.2		60.1		126.7		<b>99.5</b>	
<b>Government payments to individuals</b>	25.6	94%	56.6	94%	120.0	95%	<b>94.4</b>	<b>95%</b>
Retirement & disab. insurance benefit payments	14.7	54%	29.4	49%	63.0	50%	<b>48.4</b>	<b>49%</b>
Medical payments	3.01	11%	8.73	15%	35.67	28%	<b>32.7</b>	<b>33%</b>
Income maintenance benefit payments ("welfare")	1.3	5%	7.5	13%	9.9	8%	<b>8.6</b>	<b>9%</b>
Unemployment insurance benefit payments	2.3	8%	6.7	11%	5.7	4%	<b>3.4</b>	<b>3%</b>
Veterans benefit payments	4.2	15%	3.9	7%	5.2	4%	<b>1.0</b>	<b>1%</b>
Federal educ. & trng. asst. pay. (excl. vets)	0.1	0.4%	0.3	0.5%	0.4	0.3%	<b>0.3</b>	<b>0%</b>
Other payments to individuals	-	0.0%	0.1	0.1%	0.1	0.1%	<b>0.1</b>	<b>0%</b>
<b>Payments to nonprofit institutions</b>	1.0	4%	2.1	3%	3.9	3%	<b>2.9</b>	<b>3%</b>
<b>Business payments to individuals</b>	0.7	3%	1.5	2%	2.9	2%	<b>2.2</b>	<b>2%</b>

## ***Effects on Households***

So far, the analysis has looked at big patterns within the county economy. Let's begin to focus in on individual families. Unemployment rates are a good place to begin. Figure K shows how unemployment in Bonner County is persistently higher than the state or nation. In this trend, Bonner County matches or even exceeds the rest of rural Idaho. A roughly two per cent higher unemployment rate persists across most of rural Idaho throughout the economic cycles of growth and recession.

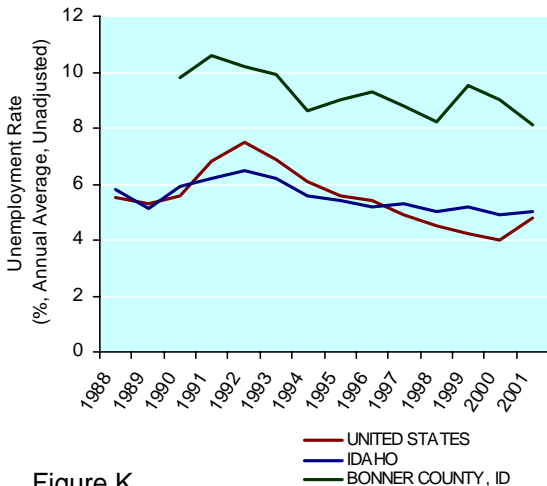


Figure K

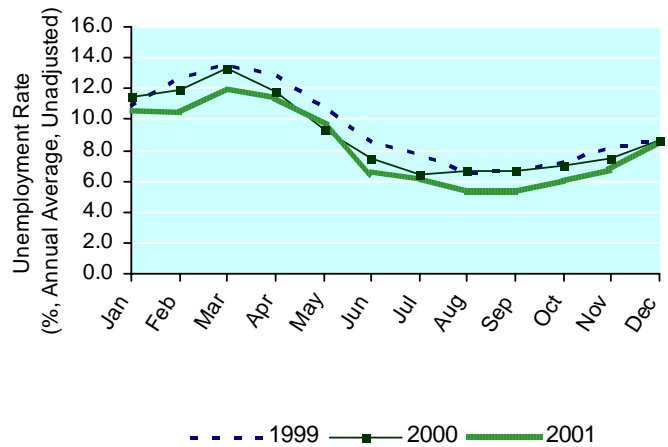


Figure L

In addition, timber counties often have the highest unemployment rates, and that rate fluctuates across the year. Figure L on the right shows how Bonner County's unemployment rate has a seasonal variation of up to six percentage points annually.

The unemployment rate measures those out of work who are pursuing work. Figure M below shows that fewer adults of working age are even pursuing employment in Bonner County. Labor force participation has been consistently lower than the state or nation over the last twenty years, ranking 32<sup>nd</sup> of 44 Idaho counties. Workshop participants speculated that this might be due to people working in the cash economy, to young retirees under age 65, or to seasonal workers, who make up 28.6% of the county workforce.

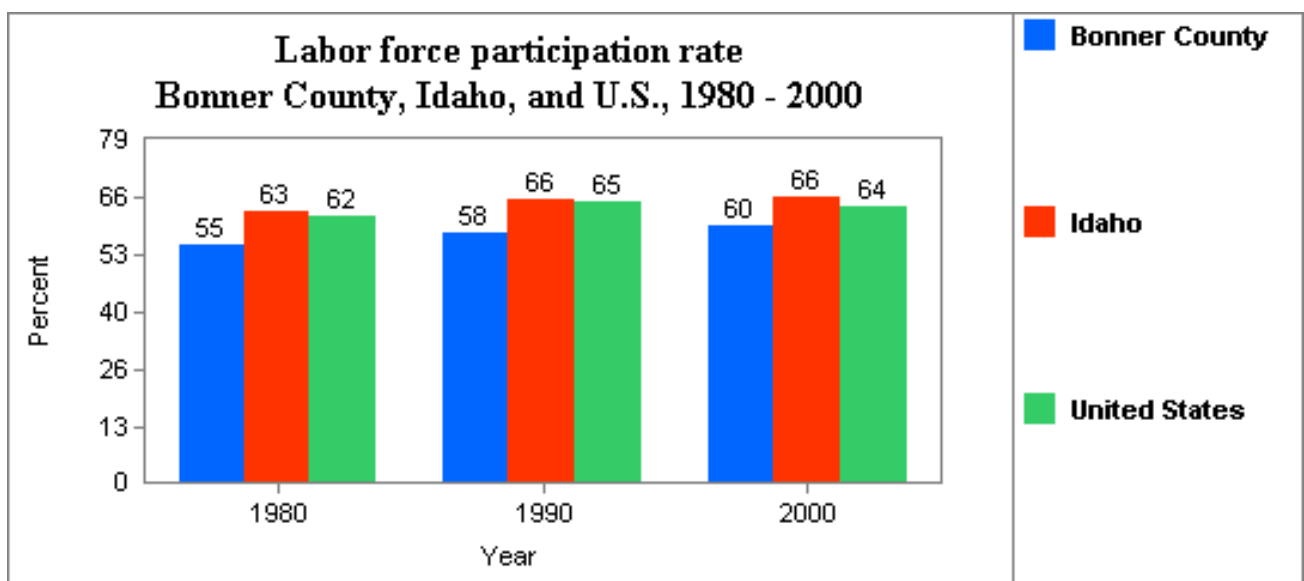


Figure M



Those who do work in Bonner County earn significantly less than the State of Idaho or United States average, as Figure N demonstrates. In fact, Bonner County earnings per job is 59% of the national average. Adjusted for inflation, earnings per job fell from \$27,907 in 1970 to \$21,556 in 2000.

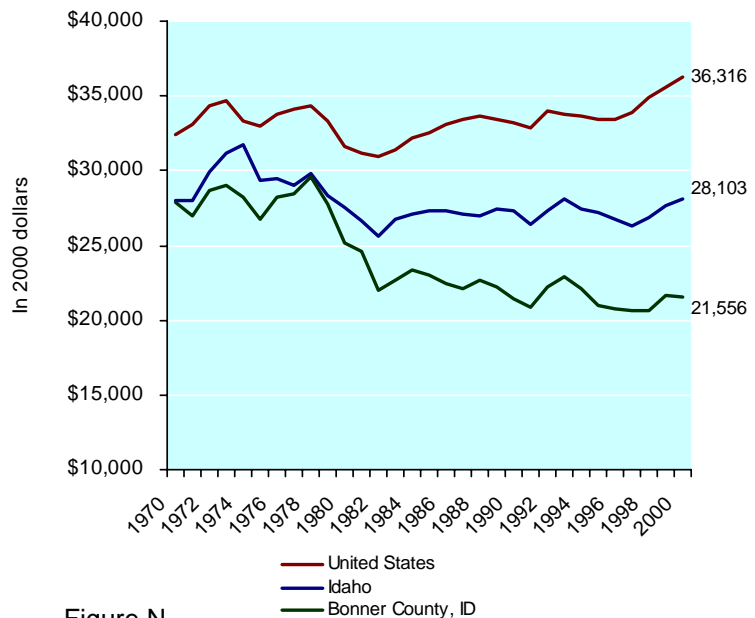


Figure N

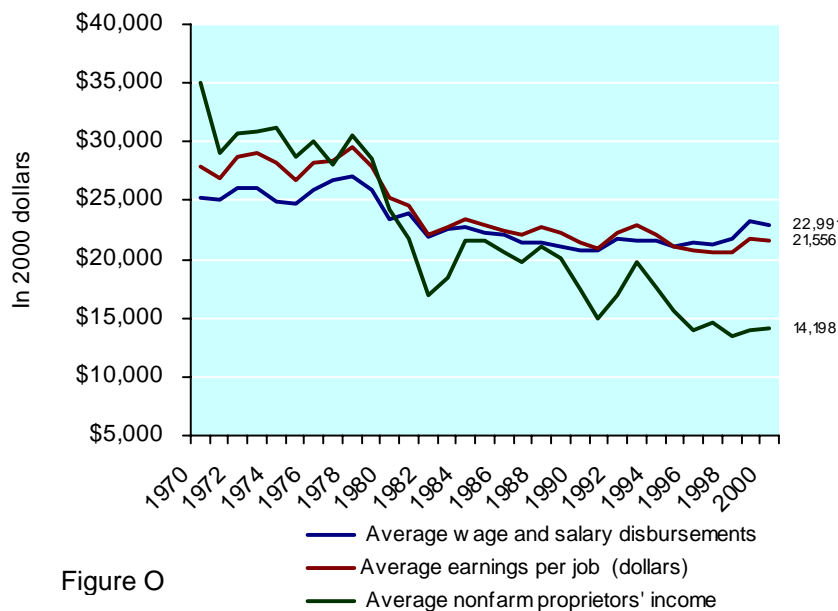


Figure O

Looking more closely at Bonner County earnings per job, Figure O shows how the decline in county real earnings per job is largely driven by a decline in proprietors' income from \$35,000 per proprietor in 1970 to \$14,198 in 2000. As a group, proprietor's income has decreased from 21% of personal income in 1970 to 12% in 2000.

Workshop participants connected this decline in proprietors' income to the conversion of Sandpoint's

economy from a timber to a tourism base. Existing residents may start small businesses in an effort to create a family income from a combination of seasonal work and a family business on the side. Many young retirees are moving into the area, who may start up part-time, often amenity or creative, businesses to supplement their fixed incomes with a second career. This would have the effect of pulling earnings per job downward.

This attempt to increase family income and stay in the area can be documented by a surge in entrepreneurship in the 1990s. Figure P shows new firms by size. The vast majority has only one to four employees, and the second largest size is 5-9 employees. Bonner

County has succeeded in gaining 28 firms in the 20-49 employee range and two above 500 employees.

### New Bonner County Business Firms by Size 1990-2000

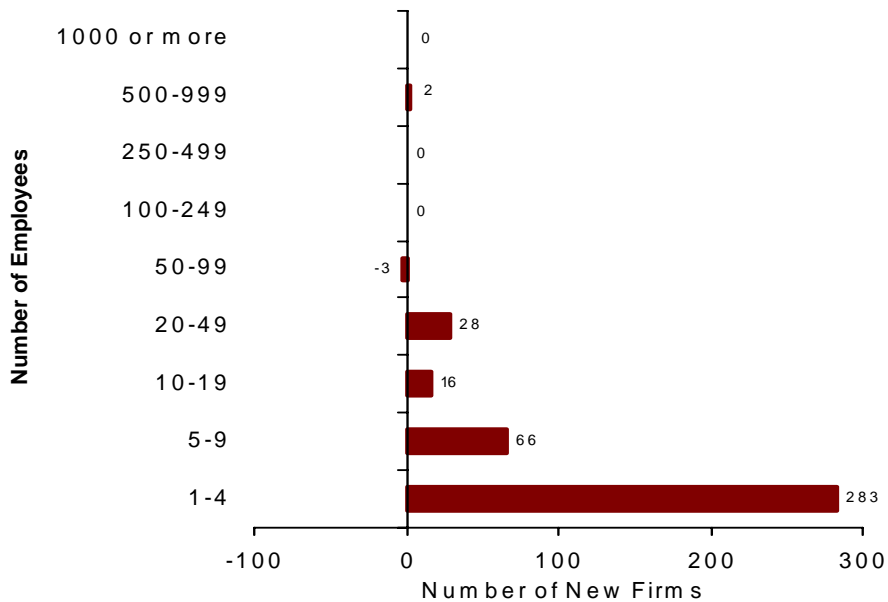


Figure P

If holding multiple jobs was a successful strategy, progress would be noted in median household income. Median household income in Bonner County has declined in real (inflation-adjusted) terms from 1979 to 1999 (see Figure Q). Between 1999 and 2002 median household income fell slightly in real terms from \$35,422 to \$33,367 in 2001 dollars. Bonner County now ranks 29 of 44 counties in this measure. The good news is that in 1989, 68% of county households earned less than \$30,000, but by 1999 that proportion had fallen to 46%.

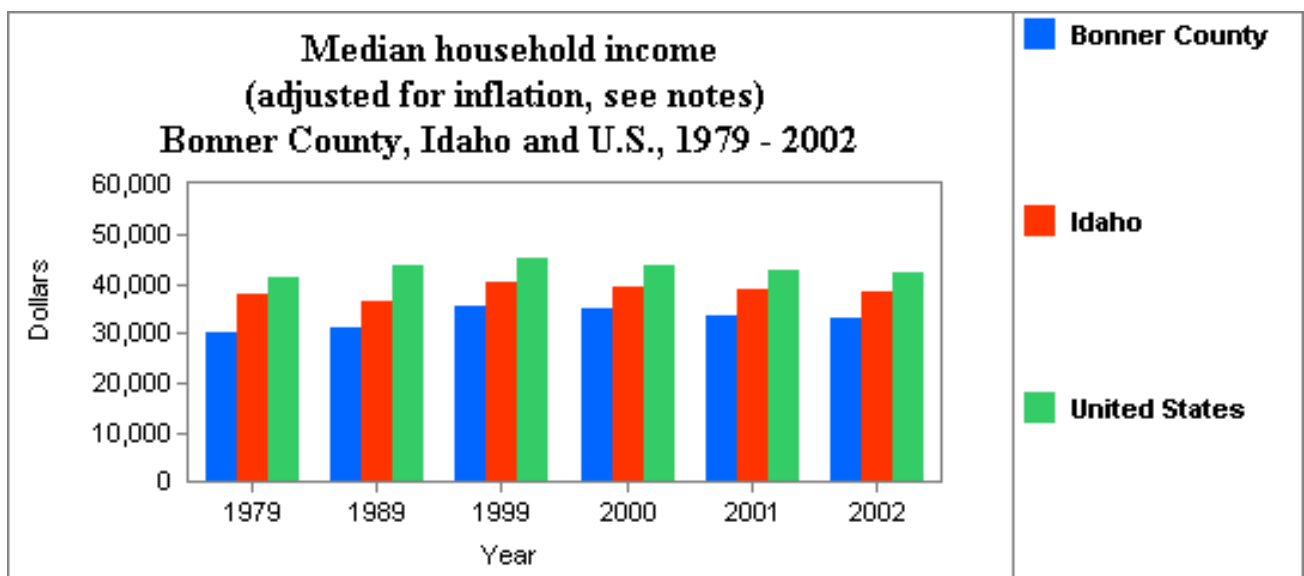


Figure Q

The data on earnings per job and household income logically flow into county poverty rates. While Bonner County has long had poverty rates above the state average, the gap has narrowed since 1979 from five to only two percentage points (see Figure R).

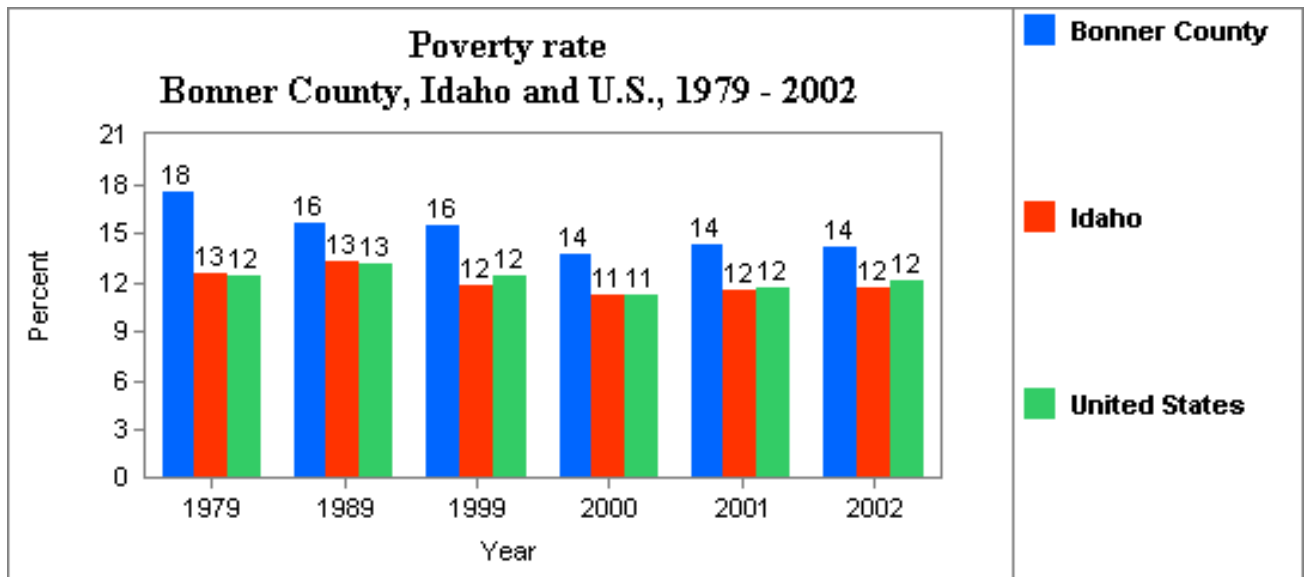


Figure R

Poverty for children under 18 years of age has been persistently higher in Bonner County, Idaho, and the US, as shown below in Figure S. The youth poverty rate of 19% ranks Bonner County 33<sup>rd</sup> of 44 counties in the State. Another good measure of youth poverty is the proportion of students qualifying for free or reduced school lunches based on family income. In Pend Oreille Schools that rate is 42%, while in West Bonner School District, 59.5% qualify for free or reduced lunch.

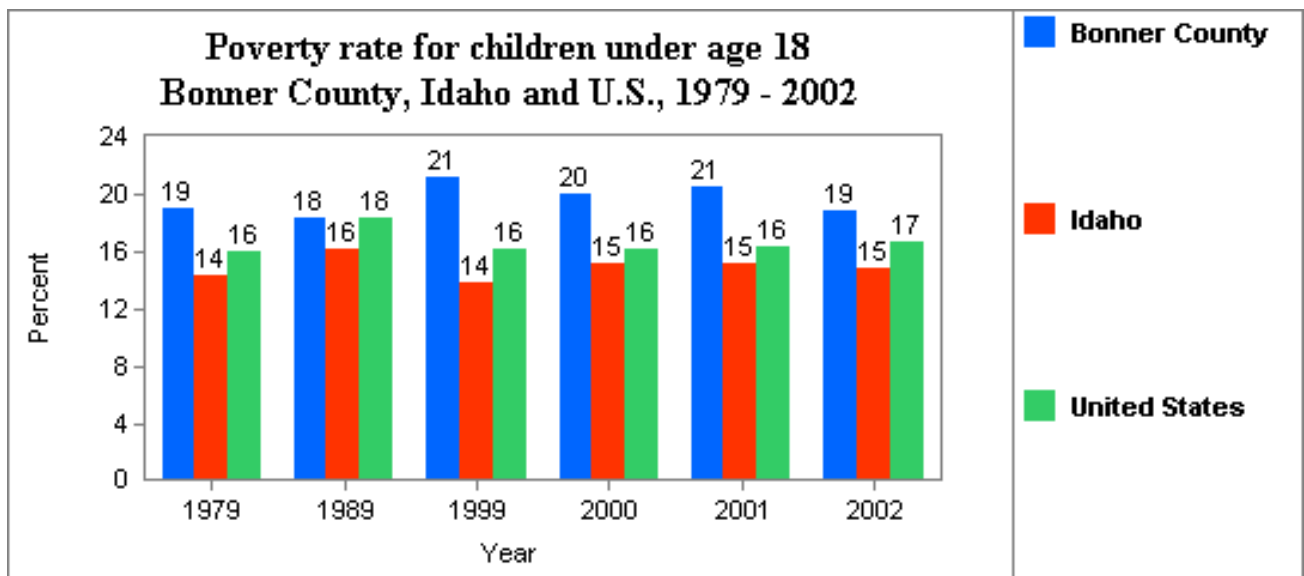


Figure S

Note that the poverty rate for senior citizens aged 65 and older is only ten percent, the same as the state average for this age group. This evidence reinforces the notion that seniors moving into the area have higher incomes, especially from pensions, and dividends, interest and rent on their portfolio of owned assets.

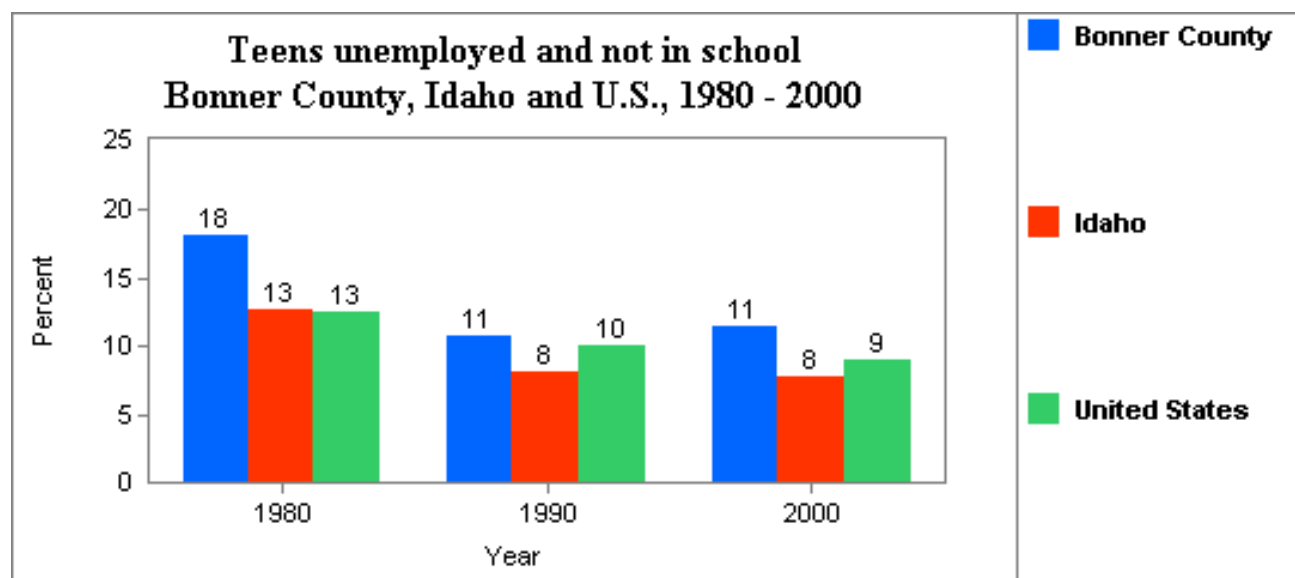


Figure T

An interesting phenomenon in Bonner County is that it has persistently had a higher number of teenagers aged 16-19 years old not in school and unemployed (Figure T). This may be affected by home schooling levels.

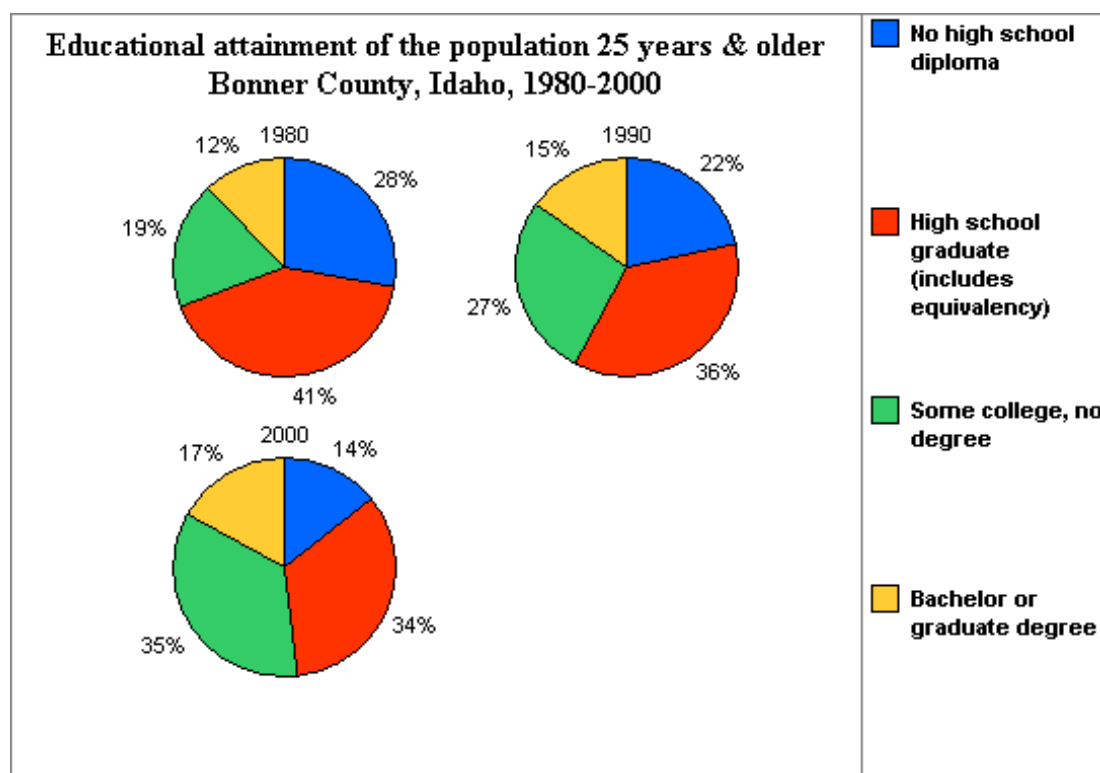


Chart E

This theory seems to be supported by the progress shown in the pie charts on educational attainment over time (Chart C). Note that the proportion of Bonner County's population with no high school diploma has declined from 28% in 1980 to 14% in 2000. That 14% compares to 15.3% with no high school diploma in the State of Idaho and 19.6% for the U.S. Meanwhile, the fraction with some college education in Bonner County has increased from 19% to 35% in the last twenty years.

## ***Housing in a Fast-Growing County***

Housing stock is another important dimension of socio-economic vitality. Housing is a key ingredient for a productive workforce, often the major piece of household assets, and represents an important part of local assessed valuation for property taxes.

In rural areas with out-migration housing stock can be deteriorating, and filling vacant housing can be a diversification strategy in and of itself. In booming resort areas like Sandpoint or Priest Lake, housing construction is a source of employment. Rising housing prices increase the wealth of existing residents, but may make it hard for service workers to reside within the community and for fixed income senior citizens to keep up with tax bills.

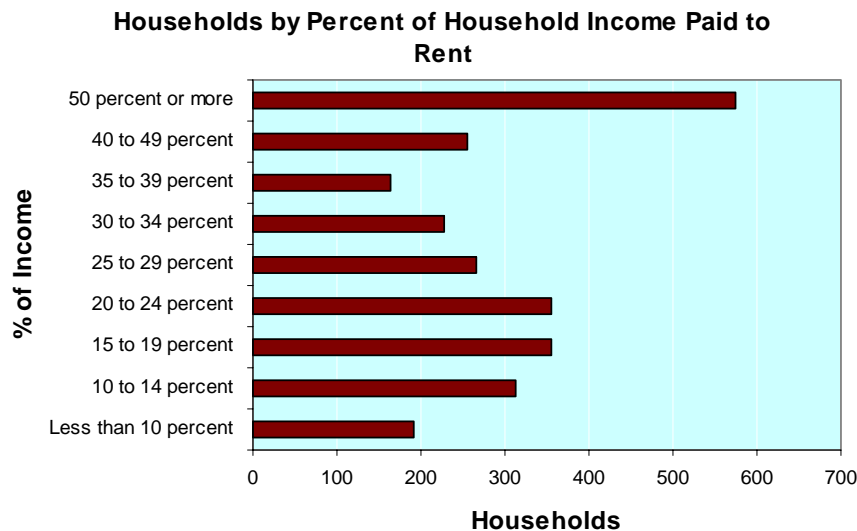
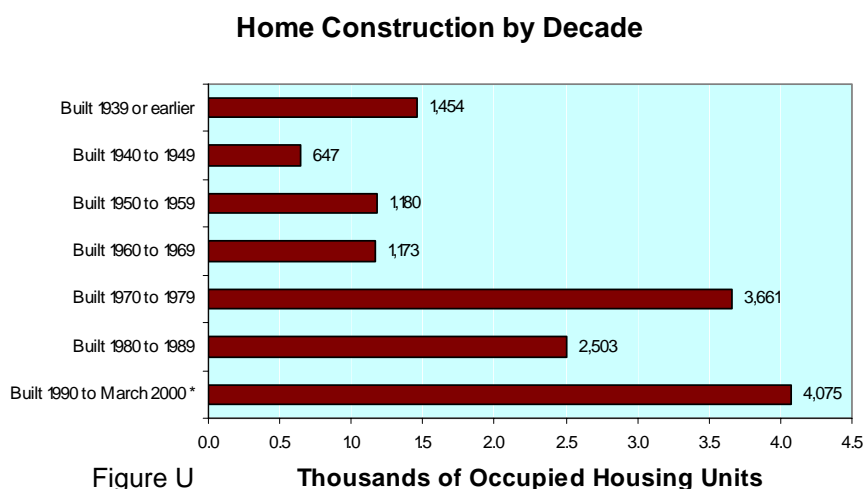


Figure U above shows that Bonner County's housing stock has grown in the last three decades to match immigration patterns.

Figure V shows the large number of households paying over 40% of their income on rent. In fact, 19% of renters in the county pay over half their household income on rent. The median gross rent in 2000 was \$518,

and about 18% of housing units are rented. Within Sandpoint the proportion of renters rises to 42%. One reason for numerous renters is when housing prices rise beyond financial ability to pay. Housing prices leaped 29% from 1980-2000, compared to 10.8% in Idaho and 21% for the US. The median house in Bonner county cost \$128,000 in 2000, the 7<sup>th</sup> highest in Idaho. Evidence of the resort community aspect of Sandpoint and Priest Lake is that 19% of housing units are vacant for seasonal use, i.e. second homes, time-shares, etc.

## **Access to Health Care**

A statistic where Bonner County has long lagged is in the number of physicians providing health care (see Figure W). The physical size of Bonner County and the low number of doctors can make physical access to health care difficult in many corners of the county, let alone financial access. It particularly may cause problems with medical response to accidents. It is somewhat surprising that the number of health care providers has not increased with partly-retired physicians moving into the county. Workshop participants felt that Figure W is somewhat misleading in that access to regional medical centers in Coeur d'Alene and Spokane is not that distant. It is not clear that physical access to health care is a serious problem in Bonner County.

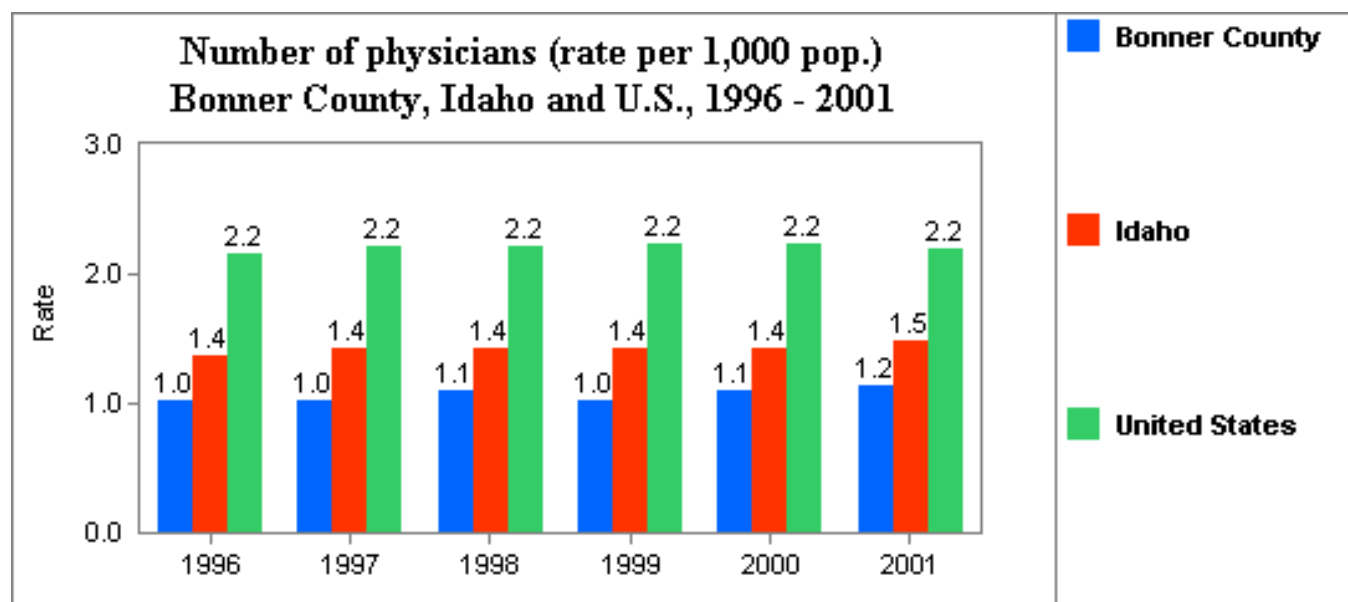


Figure W

## **Crime Rates**

Finally, low crime rates are very positive measures for Bonner County. Figure U below shows how Bonner County has significantly less total crimes than the State or especially the U.S. The same trend shows for property crimes or violent crimes. One participant in

law enforcement noted that the combination of drug availability and vacant vacation homes means the county must be vigilant regarding property crime going forward.

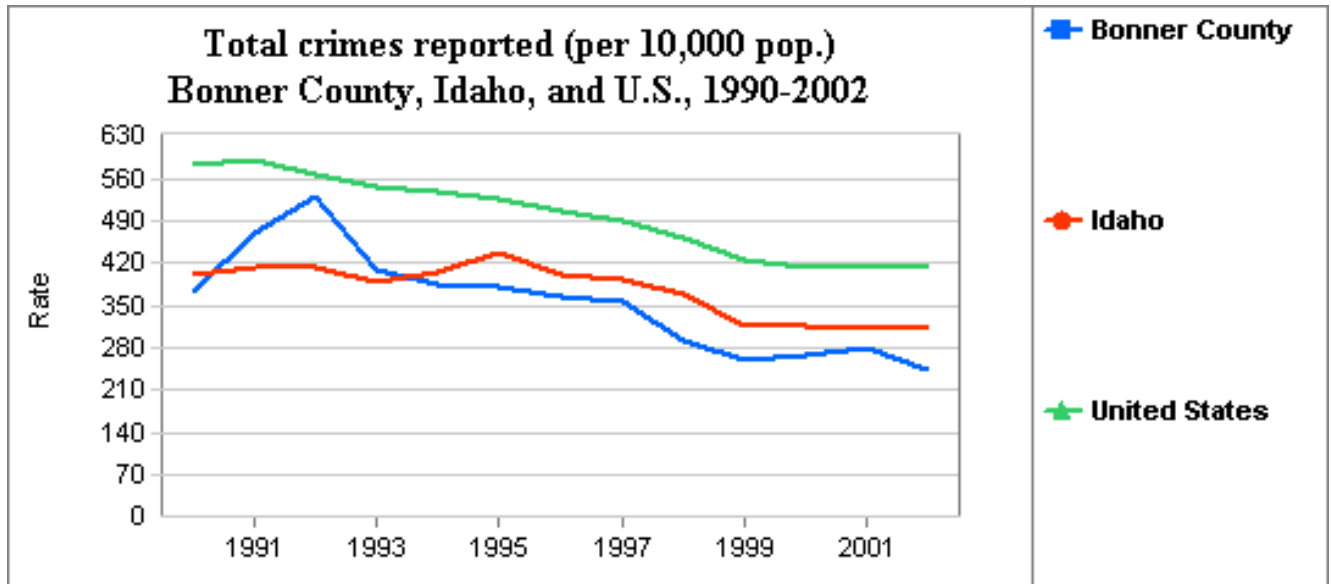


Figure X

### ***What BLM Has to Offer***

BLM administers 11,162 acres in Bonner County, which is managed for multiple uses for the people of the United States. This is a much smaller holding in Bonner County than the US Forest Service. Yet as Figures V and W demonstrate, the BLM Coeur d'Alene Field Office makes a significant contribution to the local economy of 20 permanent and another 19 temporary jobs in 2004.

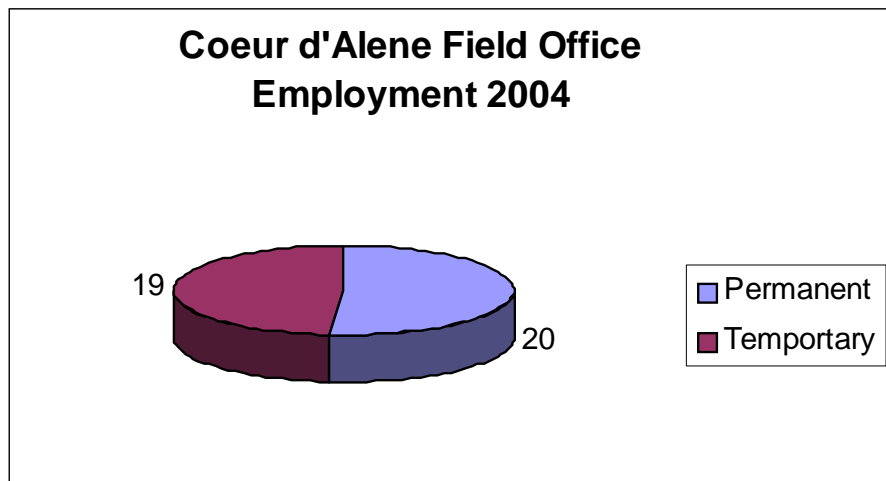


Figure Y

The Coeur d'Alene Field Office of BLM had a 2004 total budget of \$3.55 million, with a payroll of \$1.8 million and an operations budget of \$1.8 million, as seen in Figure Z.

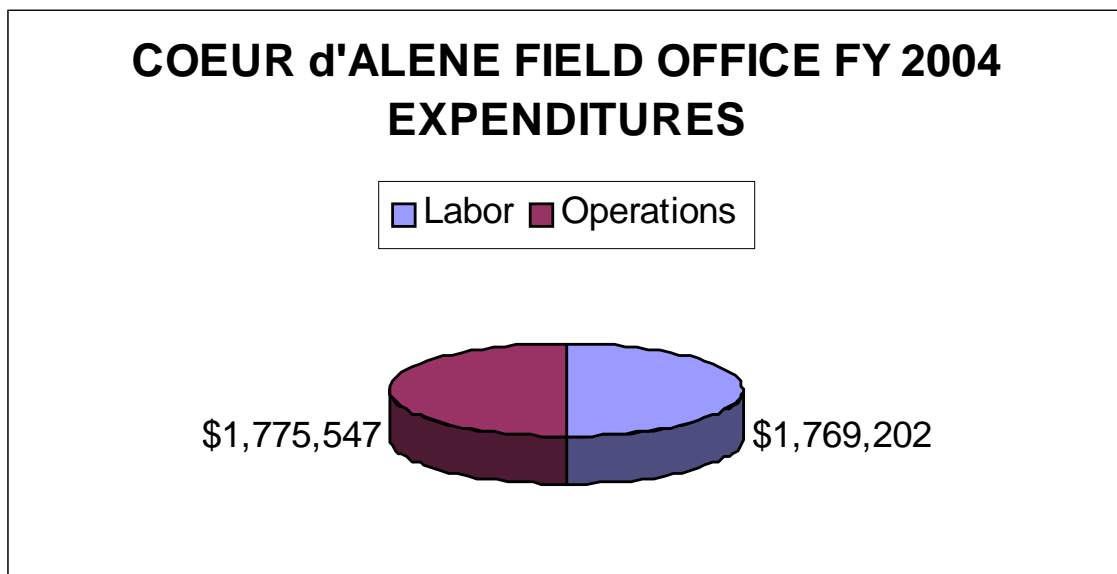


Figure Z

BLM disbursements within Bonner County include a negligible \$10.73 in grazing receipts paid to Bonner County. \$288,053 in forest sales revert back to the Coeur d'Alene Field Office to support operations there.

Finally, BLM disburses Payments-In-Lieu of-Taxes (PILT) to counties for all federal lands. These amounted to \$86,352 for Bonner County in 2004. Congress appropriates PILT payments each year. The formula used to compute the payments is contained in the PILT Act and is based on population, receipt sharing payments, and the amount of Federal land within an affected county. PILT payments are in addition to other Federal revenues (such as oil and gas leasing, livestock grazing, and timber harvesting) that the Federal Government transfers to the States.

PILT payments help local governments carry out such vital services as firefighting and police protection, construction of public schools and roads, and search-and-rescue operations. The payments are made annually for tax-exempt Federal lands administered by the BLM, the National Park Service, the U.S. Fish and Wildlife Service (all agencies of the Interior Department), the U.S. Forest Service (part of the U.S., Department of Agriculture), and for Federal water projects and some military installations. Figure BB shows PILT payments to other counties in the Idaho Panhandle.



## BLM Disbursements to Bonner County in 2004

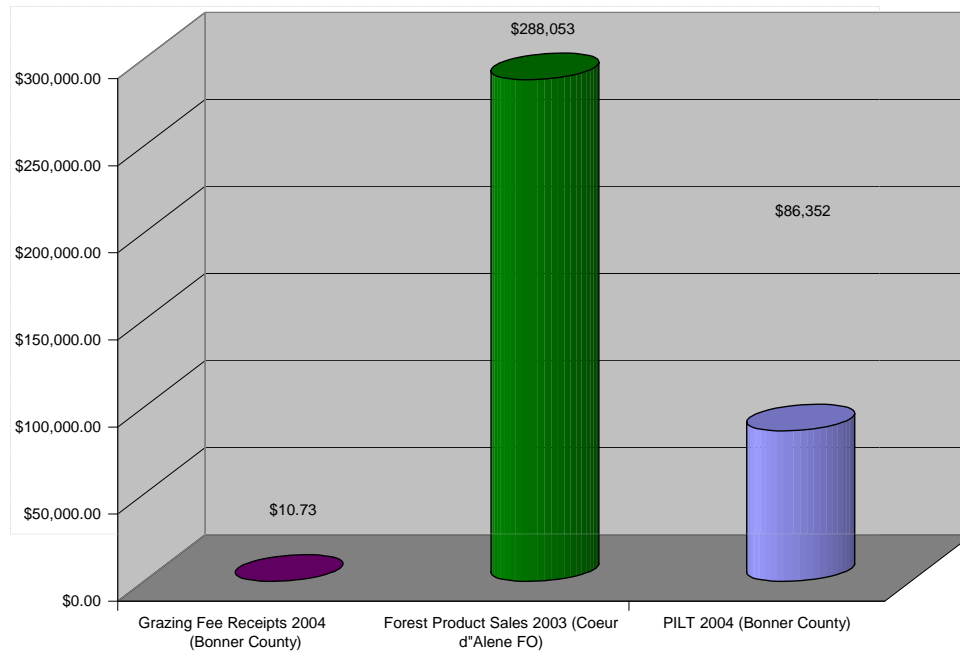


Figure AA

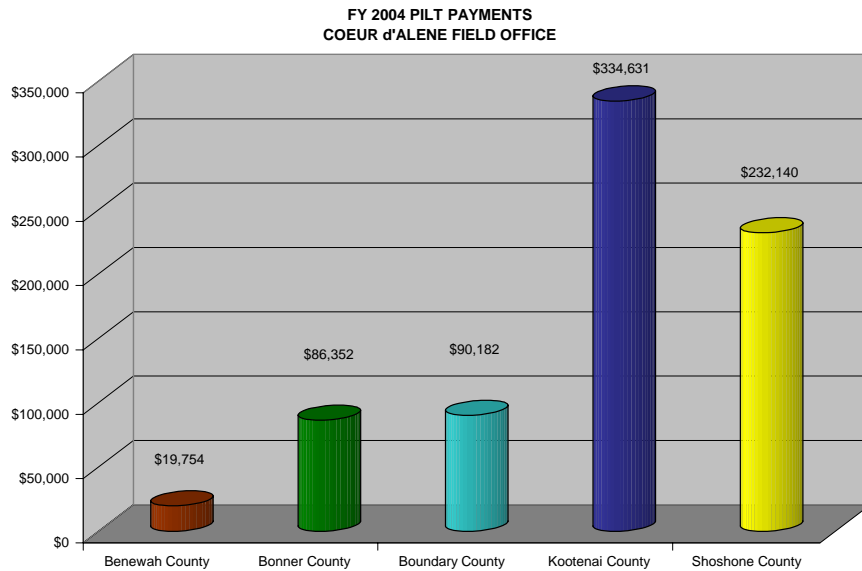


Figure BB

In addition, BLM contributes numerous recreational opportunities to Bonner County.



## ***Conclusion***

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Bonner County is a large, heavily-forested county in Idaho's Panhandle. It is one of many areas in the rural West whose economy is in transition. However, Bonner County's position is not as dire as many rural places. Agricultural land only accounts for 5.7% of the county, and so was never a major factor. The timber industry has declined significantly in the recent years and threatens the community of Priest River and some outlying parts of the county. However, the high natural amenities of Bonner County's lakes, forests and mountains are the foundation for thirty years of in-migration and land development.

Bonner County has seen tremendous growth in employment in professional services, retail trade, finance, insurance, and real estate (FIRE), and construction. This is consistent with its development as a resort area.

Nearly half the county's personal income is coming from the non-labor components of dividend, interest, and rent and transfer payments. This points to the quiet transformation that is occurring as younger retirees and second career couples move into the area. These in-migrants drive a vigorous construction sector, and appear to provide some of the impetus for large shares of self-employment and proprietor's income, and the growth of creative enterprises.

Currently, many residents aged 65 and older appear to move back out of Bonner County as their independence fades and frailty emerges. A major challenge for Bonner County will be whether the county can anticipate the needs of young retirees and make it possible for them to remain here as they age. This offers many opportunities for business development in areas like personal services, senior housing alternatives, and health care.

A second challenge lies in land use planning that encourages quality development while preserving the natural amenities and small town lifestyle that attracted people in the first

place. A related issue is affordable housing that allows lower income residents to remain in the community where they work.

Lastly, Bonner County is not all in the same socio-economic position. Just as there are two Idahos, one prosperous and one struggling, so are there two Bonner Counties. West Bonner County and other corners distant from Sandpoint still struggle to diversify from forest enterprises and to add family wage employment. Pockets of poverty remain, and all the attendant problems are very real. Communities like Priest River and Priest Lake struggle to maintain their integrity as communities in the face of regional retailers in Spokane, Coeur d'Alene, and Sandpoint.

The future of Bonner County's economy seems bright. It rests with success of small businesses, fledgling environmental restoration efforts, the growth of services to newcomers and senior citizens, the continued growth of export services, and building on the value-added timber, and tourism base that now exists. The future will no doubt bring new challenges, but the people of Bonner County have built a tenacious history of adapting and surviving in this beautiful part of Idaho.

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